

<p>STATE OF COLORADO ATTORNEY GENERAL'S OFFICE CONSUMER PROTECTION SECTION</p> <hr/> <p>In re: CHEVY DUANE ZEHNDER, an individual; LEAH ANN ZEHNDER, an individual; LIHR HOMES, LLC, a Colorado limited liability company; ENVOI ENTERPRISES, LLC, a Colorado limited liability company; IDP CAPITAL, LLC, a Colorado limited liability company; OPM STRATEGIES, LLC, a Colorado limited liability company; AIG MANAGEMENT, LLC, a Colorado limited liability company; and SOLSTICE INVESTMENTS, LLC, a Colorado limited liability company.</p>	
<p>JOHN W. SUTHERS, Attorney General ANDREW P. McCALLIN, First Assistant Attorney General ERIK R. NEUSCH, Assistant Attorney General Colorado Attorney General's Office 1525 Sherman Street Denver, Colorado 80203 Phone: 303-866-5079</p>	
<p>ASSURANCE OF DISCONTINUANCE UNDER C.R.S. § 6-1-110(2)</p>	

This Assurance of Discontinuance ("Assurance") is entered into between the State of Colorado, *ex rel.* John W. Suthers, Attorney General for the State of Colorado (the "State"), and Respondents Chevy Duane Zehnder, Leah Ann Zehnder, LIHR Homes, LLC, ENVOI Enterprises, LLC, IDP Capital, LLC, OPM Strategies, LLC, AIG Management, LLC, and Solstice Investments, LLC (collectively "Respondents"). This Assurance is entered into pursuant to the Attorney General's powers under § 6-1-110(2), C.R.S. (2009), and is being agreed to by the parties in lieu of the Attorney General filing a complaint against Respondents for the conduct described below.

I. PARTIES

1. John W. Suthers is the duly elected Attorney General for the State of Colorado and has express jurisdiction to investigate and to prosecute violations of the Colorado Consumer Protection Act ("CCPA"), C.R.S. § § 6-1-101 – 6-1-1120, (2009).

2. Respondent Chevy Duane Zehnder is an individual residing in El Paso County and has a mailing address of Post Office Box 63023, Colorado Springs, Colorado 80962.

3. Respondent Leah Ann Zehnder is an individual residing in El Paso County and has a mailing address of Post Office Box 63023, Colorado Springs, Colorado 80962.

4. Respondent LIHR Homes, LLC is a Colorado limited liability company with a principal address of Post Office Box 63233, Colorado Springs, Colorado 80962. It was formed by Chevy Zehnder and Leah Zehnder on June 13, 2005 by the filing of articles of organization with the Colorado Secretary of State. The agent for service of process is Incorp Services, Inc., 36 South 18th Avenue, Suite D, Brighton, Colorado 80601.

5. Respondent ENVOI Enterprises, LLC is a Colorado limited liability company with a principal address of Post Office Box 63233, Colorado Springs, Colorado 80962. It was formed by Chevy Zehnder and Leah Zehnder on March 29, 2004 by the filing of articles of organization with the Colorado Secretary of State. The agent for service of process is Incorp Services, Inc., 36 South 18th Avenue, Suite D, Brighton, Colorado 80601.

6. Respondent IDP Capital, LLC is a Colorado limited liability company with a principal address of Post Office Box 63043, Colorado Springs, Colorado 80962. It was formed by Chevy Zehnder and Leah Zehnder on March 29, 2004 by the filing of articles of organization

with the Colorado Secretary of State. The agent for service of process is Incorp Services, Inc., 36 South 18th Avenue, Suite D, Brighton, Colorado 80601.

7. Respondent OPM Strategies, LLC is a Colorado limited liability company with a principal address of Post Office Box 63233, Colorado Springs, Colorado 80962 . It was formed by Chevy Zehnder and Leah Zehnder on March 29, 2004 by the filing of articles of organization with the Colorado Secretary of State. The agent for service of process is Incorp Services, Inc., 36 South 18th Avenue, Suite D, Brighton, Colorado 80601.

8. Respondent AIG Management, LLC is a Colorado limited liability company with a principal address of 3578 East Hartsel Drive, Suite 145, Colorado Springs, Colorado 80920. It was formed by Chevy Zehnder and Leah Zehnder on June 13, 2005 by the filing of articles of organization with the Colorado Secretary of State. The agent for service of process is National Registered Agents, Inc., 1535 Grant Street, Suite 140, Denver, Colorado 80203.

9. Respondent Solstice Investments, LLC is a Colorado limited liability company with a principal address of Post Office Box 63233, Colorado Springs, Colorado 80962. It was formed by Chevy Zehnder and Leah Zehnder on March 29, 2004 by the filing of articles of organization with the Colorado Secretary of State. The agent for service of process is Incorp Services, Inc., 36 South 18th Avenue, Suite D, Brighton, Colorado 80601.

II. ALLEGATIONS

10. Beginning on March 23, 2004 and continuing through June 13, 2005, Chevy Zehnder and Leah Zehnder formed the Respondent limited liability companies, LIHR Homes, LLC, ENVOI Enterprises, LLC, AIG Management, LLC, Solstice Investments, LLC, IDP Capital, LLC, and OPM Strategies, LLC by filing articles of organization with the Colorado Secretary of State. These companies were formed to invest in real estate.

11. Chevy Zehnder and Leah Zender have at all relevant times been the sole members and managers of these limited liability companies, and Chevy Zehnder, at all relevant times, has directed, controlled, approved, and participated in all conduct relating to these limited liability companies as alleged herein.

12. Beginning in 2005 and continuing through 2009, Chevy Zehnder, acting individually and through the limited liability companies, contacted homeowners in foreclosure or in default and offered to conduct a short sale so that the homeowner would not suffer a foreclosure sale and any related impact on the homeowner's credit rating.

13. Chevy Zehnder, acting individually and through the limited liability companies, induced the homeowner enter into a General Real Estate Agreement or Real Estate Purchase Agreement and transfer title to the home to one of the limited liability companies by warranty deed for no compensation or for ten dollars. Chevy Zehnder then executed a promissory note from that company to another of the Respondent companies, and he recorded a deed of trust for the note. In doing so, Chevy Zehnder and the Respondent companies obtained a position on the property in order to possibly redeem it after the foreclosure sale.

14. Chevy Zehnder knew that transfer of title to him or to any of his companies was not necessary to assist the homeowner with attempting to negotiate a short sale transaction.

15. Despite Chevy Zehnder's oral representations to the homeowner that he would attempt to conduct a short sale by obtaining the lender's approval and market the property, Chevy Zehnder failed to attempt a short sale on behalf of the homeowner that would result in the lender or holder of evidence of debt agreeing to release its lien for an amount that is less than the outstanding amount due and owing under such evidence of debt.

16. The General Real Estate Agreement used by Chevy Zehnder and the Respondent companies in January 2009 provided, for example, as follows:

LIHR Homes will attempt a short sale procedure on the house for a price less than the balances owed to the banks. It is clear between both parties that there is no guarantee that the banks will accept our proposal and that a successful short sale will be accomplished. This is simply an attempt to pay off the property through a short sale while the home remains in foreclosure.

Providing a short sale procedure is successful and the home can be purchased with a fair and sufficient amount of equity, then compensation (in a dollar amount to be determined) will be paid to the seller.

17. Despite Chevy Zehnder's oral representations to the homeowner that he would attempt a short sale, Chevy Zehnder instead rented the home to a third party and collected rent while the foreclosure proceeded.

18. Chevy Zehnder's conduct and the Respondent companies' conduct failed to comply with the provisions of the Colorado Foreclosure Protection Act, effective May 30, 2006, relating to foreclosure consultants and equity purchasers, because Chevy Zehnder, among other things, failed to use the requisite contract or provide the requisite disclosures.

19. Chevy Zehnder's conduct and the Respondent companies' conduct violated the deceptive trade practice provisions of the CCPA, § 6-1-105(1), C.R.S. (2009).

20. The homeowners received no benefit as a result of entering into the transactions with Chevy Zehnder or any of the Respondent companies and instead were deceived and misled into transferring their property to Chevy Zehnder and the Respondent companies and relying on Chevy Zehnder and the Respondent companies to attempt a short sale and relieve the homeowners from a foreclosure sale.

21. In a recent transaction, for example, involving a veteran of the Iraq War and his family, Chevy Zehnder made oral promises to the homeowner that he was "99 percent sure he could sell the house for what is owed." Chevy Zehnder told the homeowners not to deal with their lender and that he would handle everything. The homeowners understood that they would sign over their home to Chevy Zehnder, vacate the property, and that Chevy Zehnder would put the house on the market within a few months to conduct a short sale. Based on these representations, the homeowners signed the Real Estate Purchase Agreement and transferred ownership of their home to the Respondent companies.

22. The State contends that these practices violate the following provisions of the CCPA: C.R.S. § 6-1-105(1)(e); C.R.S. § 6-1-105(1)(i); C.R.S. § 6-1-105(1)(u); and C.R.S. § 6-1-105(xx), including the Colorado Foreclosure Protection Act.

III. CONSIDERATION

23. Respondents enter this Assurance as a compromise and settlement of the State's investigation into the allegations raised herein. Respondents expressly deny liability under the CCPA and deny all allegations, and enter into this Assurance to avoid further costs and litigation.

This Assurance shall not be considered an admission of violation for any purpose. Nothing herein constitutes approval by the State of Respondents' past or future practices, and Respondents shall not make any representation to the contrary.

24. The Attorney General intends that this Assurance will finally and fully resolve all of the disputes between the Attorney General and Respondents arising out of the conduct alleged in Section II of this Assurance.

IV. ASSURANCES

25. Respondents assure the State that Respondents, as well as any principals, officers, directors, agents, employees, representatives, successors, subsidiaries, contractors, assigns of Respondents, and any person acting on at their direction or on their behalf, shall comply with the CCPA, as now constituted or as may hereafter be amended, in conducting business in the state of Colorado when acting on Respondents' behalf or at the direction and control of Respondents.

26. Respondents, either individually or in connection with any person or entity, are prohibited from offering, soliciting, or accepting payment or any interest in the property for any service to a homeowner in Colorado that is represented to assist the homeowner with stopping or postponing a foreclosure, assisting a homeowner's credit rating, or obtaining a modification of any mortgage.

27. Respondents, either individually or in connection with any person or entity, are prohibited from entering into any agreements with any Colorado homeowner for whom a notice of election and demand has been recorded and with any Colorado homeowner whom Respondents have actual knowledge that the mortgage loan is more than thirty days delinquent.

This prohibition shall not apply to real estate transactions in which the Colorado homeowner is represented by a broker.

28. Chevy Zehnder and Leah Zehnder agree not to apply in Colorado for a mortgage loan originator license or real estate broker license for a period of five (5) years. If, within the next five (5) years, Chevy Zehnder or Leah Zehnder apply for a mortgage loan originator license, mortgage broker license, real estate broker license, appraiser license, insurance license, or securities license, in any state, including Colorado, they will notify the licensing body of that state of the existence and terms of this Assurance. Additionally, Chevy Zehnder and Leah Zehnder agree to notify the State in writing within thirty (30) days of the application for any such license applied for in any state.

V. MONETARY RELIEF

29. Respondents shall pay six thousand dollars (\$6,000.00) to and for the benefit of the State of Colorado no later than May 11, 2011, for costs and attorney fees pursuant to § 6-1-113, C.R.S. (2009), which monies, and any interest thereon, shall be held in trust by the Attorney General to be used first for reimbursement of the State's actual costs and attorney fees and, second, to be held along with any interest thereon, in trust by the Attorney General for future consumer education, consumer fraud, or antitrust enforcement actions.

30. Respondents shall also pay three thousand dollars (\$3,000.00) to and for the benefit of the State of Colorado no later May 11, 2011. Such funds, and any interest thereon, shall be held in trust by the Attorney General for purposes of making restitution to the persons harmed by the conduct alleged in the Assurance. The funds shall be distributed by and at the

discretion of the Attorney General, and can be distributed without awaiting the satisfaction of all payments.

31. This payment of nine thousand dollars (\$9,000.00) shall be in the form of a cashier's check or certified funds made payable to the "Colorado Department of Law," with a reference to "Zehnder Settlement," and addressed to the Colorado Attorney General's Office, Consumer Protection Section, Attention Don Finch, 1525 Sherman Street, 7th Floor, Denver, Colorado 80203.

32. If there is a failure to make a payment pursuant to this Assurance, the State may accelerate all payments due hereunder and collect the entire amounts due. In such event, the State shall be entitled to recover its costs and attorney fees in collecting such amounts.

33. If Respondents make only a partial payment under this Assurance, the State's acceptance of this partial payment does not prevent it from declaring the Assurance breached and collecting the full amount due hereunder and to seek other remedies.

34. Respondent Chevy Zehnder and Respondent Leah Zehnder are personally, jointly and severally liable for the monetary payments in this Assurance.

VI. ENFORCEMENT

35. The obligations set forth in this Assurance are of a continuing legal nature.

36. A violation of any of the terms of this Assurance shall constitute a prima facie violation of the CCPA under § 6-1-110(2), C.R.S. (2009). Upon Respondents' violation of any of the terms of this Assurance, the Attorney General shall be entitled to file a civil action under the CCPA in any court of competent jurisdiction and to seek an injunction or other appropriate order from such court to enforce the provisions of this Assurance.

37. In addition to any remedies provided under the CCPA, the Attorney General shall be entitled to apply for and seek from a court of competent jurisdiction an order converting this Assurance into a permanent injunction against Respondents as if the parties had fully litigated all issues contained herein, upon a showing by the Attorney General of a violation by Respondents of this Assurance. In such event, Respondents agree to waive any and all defenses and counterclaims that they may have had to such an action, except as to claims or defenses related to the alleged violation of this Assurance or as to the need for injunctive relief.

38. This Assurance shall not be construed to affect the rights of any private party to pursue remedies pursuant to § 6-1-113, C.R.S. (2009), or under any other statutes through claims or actions in common law.

39. The State acknowledges by its execution hereof that this Assurance of Discontinuance constitutes a complete settlement and release of all claims on behalf of the State against Respondents with respect to all claims, causes of action, damages, fines, costs, and penalties which were asserted or could have been asserted with regard to the acts, practices or omissions alleged by the State in this Assurance of Discontinuance that arose prior to this date under the cited consumer protection statutes. The State agrees that it shall not proceed with or institute any civil action or proceeding based upon the above-cited consumer protection statutes against the Respondents, including but not limited to an action or proceeding seeking restitution, injunctive relief, fines, penalties, attorneys' fees, or costs, for any communication disseminated prior to this date which relates to the subject matter of the Assurance of Discontinuance or for any conduct or practice prior to the date of this Order which relates to the

subject matter of the Assurance of Discontinuance. Notwithstanding the foregoing, the State may institute an action or proceeding to enforce the terms and provisions of this Assurance of Discontinuance or to take action based on future conduct by the Respondents. Nothing in this Assurance shall be construed to release claims held by any other governmental authority or unit.

40. Pursuant to § 6-1-110(2), C.R.S. (2009), this Assurance shall be a matter of public record.

41. Respondents acknowledge that they had a full opportunity to review this Assurance and consult with legal counsel regarding same. Respondents agree and represent that they have read and understand this Assurance, accept the legal consequences involved in signing it, and that there are no other representations, agreements, or understandings between Respondents and the State that are not stated in writing herein.

42. This Assurance may be signed in one or more counterparts, each of which shall be deemed an original, but which together shall constitute the Assurance. Facsimile and electronic copies of this Assurance and the signatures hereto may be used with the same force and effect as an original.

43. Respondents, including any person or entity acting on Respondents' behalf or at the direction and control of Respondents, agree to cooperate with all investigations and other proceedings that the Attorney General may bring to enforce the terms of this Assurance or to enforce the CCPA against any other entity. Included within this cooperation agreement are the obligations to:

A. Appear for hearings, depositions or provide testimony in any form, including affidavits. All such testimony shall be truthful;

B. Produce documents, records, electronic records, or any other tangible things in response to a subpoena or other written request issued by the Attorney General; and

C. Accept a subpoena from the Attorney General without the need for service of process.

44. Any notices, complaints, or other documents required or contemplated by this Assurance (including any request or subpoena) shall be sent to the following addresses. If either Chevy Zehnder or Leah Zehnder change their mailing address, they must notify the Attorney General in writing within thirty (30) days of such change of address:

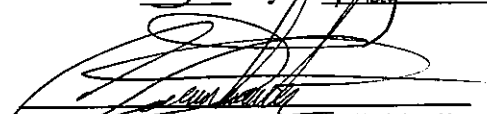
To Respondents:

Chevy Zehnder
Leah Zehnder
Post Office Box 63023
Colorado Springs, Colorado 80962


To the Attorney General:

Andrew P. McCallin
First Assistant Attorney General
Colorado Department of Law
1525 Sherman Street
Denver, Colorado 80203
Tel: 303-866-5079

Dated this 5 day of May, 2011.


CHEVY D. ZEHNDER, individually

Dated this 5 day of May, 2011.



LEAH A. ZE HINDER, individually

Dated this 5 day of May, 2011.


LIHR HOMES, LLC


Cheryl Ze Hinder - Managing Member
Print Name and title

Dated this 5 day of May, 2011.


ENVOI ENTERPRISES, LLC

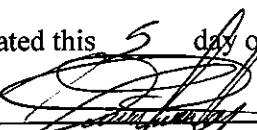
Cheryl Ze Hinder - Managing Member
Print Name and title

Dated this 5 day of May, 2011.


IDP CAPITAL, LLC

Cheryl Ze Hinder - Managing Member
Print Name and title

Dated this 5 day of May, 2011.


OPM STRATEGIES, LLC

Cheryl Zander - Managing Member
Print Name and title

Dated this 5 day of May, 2011.

[Signature]
AIG MANAGEMENT, LLC

Cheryl Zander - Managing Member
Print Name and title

Dated this 5 day of May, 2011.

[Signature]
SOLSTICE INVESTMENTS, LLC

Cheryl Zander - Managing Member
Print Name and title

Agreed as to form on behalf of Respondents:

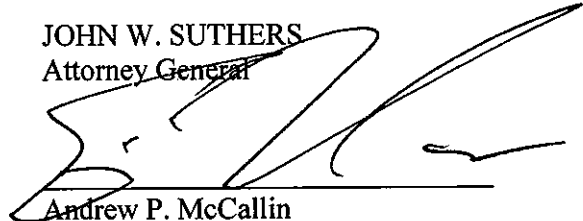
Dated this 5th day of May, 2011.

[Signature]

Paul L. Murphy
Attorney at Law
611 N. Weber Street, Suite 104
Colorado Springs, Colorado 80903

Dated this 6th day of May, 2011.

JOHN W. SUTHERS
Attorney General

A handwritten signature in black ink, appearing to read "Andrew P. McCallin", is written over a horizontal line.

Andrew P. McCallin
First Assistant Attorney General
Erik R. Neusch
Assistant Attorney General
Consumer Protection Section
Colorado Department of Law
1525 Sherman Street
Denver, Colorado 80203